

New Hampshire Retirement System

EMPLOYER MANUAL

**For Municipal, County, School District
and Other Political Subdivisions**

July 2002

New Hampshire Retirement System
4 Chenell Drive
Concord, NH 03301
www.state.nh.us/retirement

TABLE OF CONTENTS

Introduction to NHRS	4
Public Employee Pension Security	
The Trust Fund	
Governance of the System	
Legislative and Administrative Changes in 2002	6
The Laws of 2002	
The Administrative Rules	
Membership Requirements	9
Group I - Employees and Teachers	
Group II - Police Officers and Firefighters	
Enrollment of Employees	14
Procedures and Requirements	
List of Forms	
Reporting and Remitting Contributions	16
Contributions Rates	
Reporting Contributions	
Salary Continuance	
Audits	
When and Employee Terminates or Retires	24
Termination – The Employer’s Role	
Retirement – The Employer’s Role	
Administering the Medical Subsidy	
Summary of NHRS Benefits	28
Pension Benefits	
Additional Contributions	
Service Credit	
Leaving Service before Pension Eligibility	
Death and Disability Benefits	
Survivorship Options	
Post-Retirement Health Insurance	

Planning for Retirement	38
NHRS Resources	
Counseling Services	
Information Sessions	
Tips to Help Your Employees	39
Glossary of Terms	40
Index	43

INTRODUCTION TO NHRS

Public Employee Pension Security

The New Hampshire Retirement System is a public employee pension plan. In addition to pensions, the System provides death and disability benefits and a post-retirement medical subsidy program for eligible members and their beneficiaries.

NHRS is a defined benefit plan. Members' pensions are calculated by a formula based on their salary and length of service, not on the amount they contributed or on the investment gains of the fund. This is in contrast to a defined contribution plan, where the risk is put on the individual member to make adequate savings and effective investments, and it is possible to out-live your savings. While retirement planners encourage people to have a diversified mix of savings and investments, a guaranteed pension provides a solid base. NHRS pensions are for the lifetime of the recipient; most members collect all of the money they contributed in the first three to seven years of drawing their pension. Yet, for the rest of their lives, they continue to receive benefits with cost of living increases from the trust fund.

Why is this important to employers?

An excellent retirement plan can aid in your recruitment and retention of good employees. While some employees may not be thinking of retirement, and others may not know the difference between plans, the recent downturn in the stock market had caused many people to think about risk vs. security.

Albert Crenshaw of the *Washington Post*, said in a nationally syndicated article, "Appreciate a defined benefit plan if you have one. The plans tend to be somewhat invisible, since the employer handles them, but if your company has one and you plan to work there a long time, find out all you can about it. If the company wants to drop it, yell..." (*Concord Monitor* 2/18/01)

An article in *Business Week* magazine, "*Pensions: How Much Risk Should Workers Have To Bear?*" discussed the situation:

Two decades ago, over 40% of private sector employees were covered by a company financed pension plan, according to the Labor Department. Today only about 20% are. Meanwhile the percentage of workers with 401(k)s has grown from almost nothing to 33%. But the median 401(k) account had only \$16,000 in 1998, according to the Federal Reserve's latest Survey of Consumer Finances. No large New Economy corporation founded in the 1990's offers a traditional pension plan where workers are guaranteed a defined pension based on a formula reflecting salary history, years of service and inflation adjustments.

Robert Kuttner, *Business Week*. 4/16/01

The Trust Fund

The NHRS Trust Fund is in the top third of public pension funds in the country, using a diversified asset allocation strategy to achieve growth, with a moderate level of risk. Beginning with \$12 million in 1967, the fund reported \$3.5 billion in assets as of June 30, 2002.

The Trust Fund is completely separate from the state's general fund and is protected by RSA 100-A:15 and by Article 36-a, of the New Hampshire Constitution, "Retirement System funds are to be used only to benefit the System."

The Trustees

NHRS is governed by a 13-member Board of Trustees, which includes representatives of the employee groups that have money in the fund. There are two teachers, two police officers, two firefighters and two employees who serve on the Board. There are also two members of the public, a state senator, a state representative, and the State Treasurer.

Governance of the System

RSA 100-A

The state statute governing NHRS is RSA 100-A. There are excerpts of sections of the statute in this manual. Each session, the NH legislature considers dozens of bills that would alter eligibility criteria or expand benefits. The System sends out a [Bulletin Board](#) newsletter to employers, which summarizes the legislative changes. In the fall, the System also publishes copies of the most recent version of the statute and makes them available to employers. There is also a link to RSA 100-A, "Rules and Regulations," on the left side bar menu of the NHRS website, www.state.nh.us/retirement

Administrative Rules

The section of the State Administrative Rules governing NHRS is Chapter 100-500. Most of the rules pertaining to employers are in Chapter 300, with instructions in the recently added Chapter 500. There are excerpts of relevant sections in this Manual. The [rules and regulations](#) can also be found in the link from our website, or in hard copy by request to the System, tsavoy@nhrs.state.nh.us.

Administrative Staff

The System has a staff of approximately 50 people who are responsible for the administration of the benefits and the management of the trust fund, for our 47,000 active members, 16,000 retirees and 450 employers. There is [contact information](#) on our website.

LEGISLATIVE AND ADMINISTRATIVE CHANGES OF 2002

Each year, NHRS provides employers an updated copy of our governing statute, RSA 100-A. The new law books are available in the fall. In the meantime, the new laws can be found by going to the State's [website](#), and looking up the bill number or Chapter Law number.

The new laws are summarized briefly below. The most significant changes in law during 2002 allow NHRS to expand our member services. Reflecting a national policy in favor greater pension portability, HB 1302 and HB 1455 will allow greater flexibility in purchases of prior service credit.

HB 1302 – Chapter 140

- Allows members to purchase prior withdrawn service in partial amounts. Previous law required them to buy all or nothing. Now they can buy service in blocks as small as six months at a time. Members must apply to NHRS for cost calculations. (see the section on [Service Credit](#)).
- Permanent prudent investor authority for NHRS – removes the five year legislative review of investment practices, allowing the permanent application of the “Prudent Investor Rule” which requires that fiduciaries discharge their duties solely in the interests of NHRS participants and beneficiaries. According to RSA 100-A:15, in the management of System assets, “the system’s Board of Trustees shall exercise the judgment and care under circumstances then prevailing, which a person of prudence, discretion and intelligence, acting in a like capacity and familiar with such matters, would use in the conduct of a pension plan of like character and with like aims as the system, and by diversifying investments of the system so as to minimize the risk of large losses to the trust fund.”

HB 1373 – Chapter 80

- Allows school districts to **elect** to enroll certain paraprofessional and support position employees as members of NHRS. The eligible positions include aides and assistants who work in classrooms, libraries, health or special education programs, who have direct involvement with students and who meet the NHRS minimum participation standards for teachers. Please see the section on [Paraprofessionals](#) for eligibility requirements.

HB 1455 – Chapter 146

- Allows NHRS members to purchase prior service credit with a trustee-to-trustee transfer from a 457 or 403(b) plan. This change is effective as of 11/9/02.
- Removes a restriction on the purchase of prior service credit for time worked for an employer, prior to the employer joining NHRS, if the service was covered by another employer sponsored plan. Effective 11/9/02, members may purchase that prior service credit, provided that it was in a 457 or 403(b) plan.

HB 1469 – Chapter 137

- Puts a moratorium on the practice allowed by RSA 100-A:3, I (c) for unclassified and non-classified state employees to collect a pension while still in service, unless they were eligible prior to May 9, 2002.
- Created a committee to study the practice, to report back by 11/1/02.
- Absent other legislative action to extend it, RSA 100-A:3, I (c) will be repealed, effective 7/1/03.

SB 115 – Chapter 2

- Special 5% COLA for Firefighters who retired on or before 7/1/94.

SB 309 – Chapter 128

- Extends the medical subsidy for those who become Group II members, as of 7/1/03, if they retire on Accidental Disability.

SB 381 – Chapter 110

- Abolishes the 30-day window for enrollment of employees at the Pease Redevelopment Authority, who are optional members of the system, allowing them to enroll at any time.

Study of Group II issues: The House Executive Departments and Administration Committee will be conducting a study of Group II issues this summer. The issues to be examined include the many requests by various occupational categories to be in Group II and the loophole in the Medical Subsidy that excludes many members with Split Benefits. Current law requires members to have 20 years in Group I or 20 years in Group II, but makes no provision for a combined 20 years of service.

The Administrative Rules

The New Hampshire Code of [Administrative Rules](#), Chapters Ret 100-500, governs NHRS. Copies are also available from NHRS, upon request.

The relevant sections of the Rules, as they apply to employers, are discussed throughout this manual. Recent changes in the Rules are summarized below:

Ret 304.06 Interest Penalty. In accordance with RSA 100-A:16, any member contributions deducted by the employer, or any employer contributions or assessments which are not timely remitted to the retirement system, shall in addition to the provisions of Ret 304.04, **incur a penalty of interest on the total amount due**, at the rate of one percent for each month or fraction thereof, from the date the contribution adjustment payment is received in full by the retirement system.

Ret 305.02 (c) now requires an “Employer’s Notice of Termination” from the employer to NHRS.

(c) Within 30 days of a member’s termination from service, the member’s employer shall provide the New Hampshire Retirement System, on a form prescribed by the board of trustees, an “Employer’s Notice of Termination.”

(d) If a member’s “Employer’s Notice of Termination” form has not been received by the New Hampshire Retirement System within the above time period, retirement allowance payments shall be suspended until the New Hampshire Retirement System receives a completed “Employer’s Notice of Termination” form.

Ret 307.05 Notice of ineligibility to receive service credit from NHRS accountants has requirement for employers to respond, which is due within 30 days.

(a) If a member's employer reports or remits, on behalf of the member, earnable compensation or employer or member contributions attributable to service for which the member is not eligible for service credit under Ret 307.02(a)-(c), the retirement system shall provide written notice to the member and the member's employer that the member is ineligible to receive service credit for the applicable period of member service.

(b) Upon receipt of a notice of a member's ineligibility to receive service credit, an employer, shall, within 30 days, provide the retirement system with a written, fact-specific response to the notice of ineligibility to receive service credit.

Ret 307.06 Prohibits credit carry-overs in contribution reports

(e) An employer shall not adjust data provided in a subsequent monthly employer contribution summary report, or in a subsequent detailed member contribution report, to offset an error in a previous summary or report. (See Reporting and Remitting Contributions)

MEMBERSHIP REQUIREMENTS

Each year, more public employers become interested in joining NHRS. Political subdivisions such as municipalities and school districts may already have police officers and firefighters or teachers enrolled in NHRS, but have not yet enrolled their employees. These employers may include their employees if their governing body votes to do so, and their application is subsequently accepted by the NHRS Board of Trustees. Other employers such as libraries and planning commissions must also complete a governmental entity questionnaire to assure that they meet the appropriate criteria. For additional details concerning employer enrollment and the complete text of [rule 302.05](#), Minimum Participation Standards.

Once an employer has joined NHRS, all new full time employees must be enrolled as members. The category of membership is relevant to the member's benefits and their contribution rates. They are summarized below:

Group I: Employees and Teachers

They contribute 5% of their pay for retirement.

Group I members who work 30 years can retire at half pay at age 60.

Employee Classification

Employees work for a political subdivision, which has elected to include its employees as members.

- An employee is a person whose job does *not* meet the NHRS definition of teacher, police officer or firefighter.
- Employees work a minimum of 35 regularly scheduled hours per week, but if the position requires more than 35 hours – the employee must work this amount.
 - Employees who experience a reduction in hours, which disqualifies them from contributing to NHRS, may apply to withdraw their funds after 90 days from the point of reduction in hours.
- Employees qualify for one of the following benefits: regular vacation pay, sick leave pay or health insurance benefits, except:
 - If benefits are **not** offered to other full-time, non-temporary employees, then the new employee does not need to qualify for any benefits.

Optional Membership

Elected Officials and Officials appointed for a fixed term, whose employer is a participating NHRS political subdivision and who meet the following conditions:

- The office held is a full time position with eligibility for the same fringe benefits as other full-time employees of the employer.
- The office held is the primary occupation of the person holding the office.
- The base rate of annual compensation for the office held is at least \$15,000 and requires at least 1,700 hours of employment.
- The official satisfies the first 3 conditions by using only one elected or appointed office to qualify.

NHRS encourages employers to give both verbal and written notification of their optional employees' right to join. The *Optional Employee's Opportunity to Join NHRS* ([NHRS JOIN 2](#)), gives the employer a permanent record of their optional employee's decision.

Paraprofessionals in a School District

Effective July 1, 2002, school districts **may elect** to enroll certain paraprofessionals as employee members in NHRS. HB 1373, Chapter 80 allows the governing body to decide to enroll those who are “employed in paraprofessional or support positions requiring direct involvement with students, such as the positions of classroom, academic, teacher, special education, library, or health aide/assistant, and who meet the minimum participation standards for full-time teachers.”

The intent of the legislation was to allow districts to provide retirement benefits for their paraprofessionals who work all the hours that the school is open for classes, but still fall below the 35 hour standard for employee enrollment. This new law provides the opportunity for paraprofessionals to become NHRS members, using the teacher standard of a minimum of 30 hours, over the 180 day school year.

If districts would like to enroll these employees, they must submit a ***Participating School District Election*** form ([NHRS PARA ELECT.DOC](#)). **All** employees who fit the criteria will then be required to be enrolled into NHRS.

Teacher Classification

Public school teachers work for school districts or SAU's. The teacher classification includes:

- Regular or special teacher; principal, supervisor or administrators
- Librarian or other member of teaching or professional staff, such as school nurses or education specialists engaged in the service of the public elementary and secondary schools
- Jobs, which require a level of professional preparation, which conforms to the standards issued by the NH Department of Education.
- They must be under contract to work at least 30 hours per week over a 180-day period during the school year.
 - If a teacher started in November, and was contracted for the remainder of the year, he/she would earn 8/10 of a year in service credit.

If in doubt, use the following chart to determine which classification your employee falls under: Teacher or Employee, and if the position would require enrollment in NHRS

Teacher or Employee?

PERMANENT SUB	TEACHER CLASSIFICATION	EMPLOYEE CLASSIFICATION
	<ul style="list-style-type: none"> ■ Must be full-time, at least 30 hours per week ■ Must be contracted, not paid per diem ■ Position must require teacher certification ■ Position does not require benefits 	<ul style="list-style-type: none"> ■ Must be full time (35 hour minimum or more, if the position requires it) ■ Position does not need to be contracted ■ Position does not require teacher certification ■ Must qualify for one of the following benefits: Regular vacation pay, sick leave pay or health insurance benefits - if offered to other employees
SPLIT (IE: TEACHER + AIDE)	TEACHER CLASSIFICATION	EMPLOYEE CLASSIFICATION
	<ul style="list-style-type: none"> ■ When combining positions, must be full-time, at least 30 hours per week as a teacher ■ Must be contracted, not paid per diem ■ Position must require teacher certification ■ Position does not require benefits 	<ul style="list-style-type: none"> ■ When combining positions, must be full time (35 hour minimum or more, if the position requires it)** ■ Position does not need to be contracted ■ Position does not require teacher certification ■ Must qualify for one of the following benefits: Regular vacation pay, sick leave pay or health insurance benefits - if offered to other employees
JOB SHARE	TEACHER CLASSIFICATION	EMPLOYEE CLASSIFICATION
	<ul style="list-style-type: none"> ■ Must split time equally (ie: 30 hour position would require 2 teachers to work 15 hours each) ■ May split time in any format (ie: 1 week/1 week; Morning/Afternoon; 5 months/5 months) ■ Must be contracted ■ Position must require teacher certification ■ Position does not require benefits 	<ul style="list-style-type: none"> ■ Not eligible - only teachers are allowed to job share
MULTIPLE SCHOOL DISTRICTS	TEACHER CLASSIFICATION	EMPLOYEE CLASSIFICATION
	<ul style="list-style-type: none"> ■ When combining positions, must be full-time, at least 30 hours per week as a teacher ■ Can work in more than one school district, but must be within the same SAU ■ Must be contracted, not paid per diem ■ Position must require teacher certification ■ Position does not require benefits 	<ul style="list-style-type: none"> ■ When combining positions, must be full time (35 hour minimum or more, if the position requires it)** ■ Can work in more than one school district, but must be within the same SAU ■ Position does not need to be contracted ■ Position does not require teacher certification ■ Must qualify for one of the following benefits: Regular vacation pay, sick leave pay or health insurance benefits - if offered to other employees

**Unless the district has elected to enroll aides who meet the 30 hour teacher standards (see *Paraprofessionals*)

Group II: Police Officers and Firefighters

They contribute 9.3% of their pay for retirement
Group II members who work for 20 years can retire at half pay.

Police Officer Classification

The occupations that can be categorized as a “permanent policeman” are detailed in RSA100-A:1, VII. In order to classify an employee as such:

- The employer must certify that the job meets the requirements of authority and responsibility as stated in the law.
- The officers must be certified by NH Police Standards and Training Council and must meet all requirements within two years (time is specified by the employer) of hire. They must continue to meet all physical, educational and other qualifications for continuing certification.
- The officer occupies a full-time (not based on hours) permanent position, whether elected or appointed.
- County correctional officers and line personnel who work in a correctional facility with close and immediate contact with the inmates and meet all the other statutory requirements as certified by the Association of Counties.
- The police officer classification shall *not* include anyone who is in the following job categories: clerical worker, dispatcher, electrician, Inspector of Bingo or Lucky 7, mechanic, security officer, and technical expert. However, the performance of some of these duties will not disqualify the person from membership in Group II, if all of the other statutory requirements are met.
 - Contributions will need to be made on all pay received, for these additional duties of the Police officer, unless the work is through another employer.
- Also excluded are those whose normal duties entail only indirect, occasional or short-term exposure to the hazards of police or correctional work.

Employers contribute 5.33% of police officers’ earnable compensation towards their retirement, as of July 1, 2001. The state also contributes at the current rate of 2.87%.

Firefighter Classification

The requirements of a “permanent fireman” are detailed in RSA 100-A:1, VIII. In order to classify an employee as such:

- The employer must certify that those classified as firefighters meet the requirements of authority and responsibility as stated in the law.
- The firefighters must be certified by the NH Fire Standards and Training Council and must meet all requirements within two years (time is specified by the employer) of hire. They must continue to meet all physical, educational and other qualifications for continuing certification.
- They have the authority and responsibility to engage in the prevention, control or extinguishment of fires.
- The firefighter classification shall not include the following: any dispatcher, mechanic, electrician, laboratory or clerical worker, or technical expert or other person employed in a fire department or by the division of forests and lands who does not meet all the statutory requirements. However, performance of some of these functions would not disqualify the person from Group II membership, if the other qualifications were met.
- Also excluded are those whose normal duties entail only indirect, occasional or short-term exposure to the hazards of firefighting.

Employers pay 6.61% of firefighters' earnable compensation towards their retirement, as of July 1, 2001. The state also contributes at the current rate of 3.56%.

On Call, Substitute or Volunteer Firefighters may enroll in NHRS and be eligible for the benefits set forth in RSA 100-A:19. For a cost of \$6 per year, the call firefighters can be eligible for disability or death benefits not to exceed \$1250 annually, for permanent disability or death in the line of duty. Participation is optional, and must be renewed annually.

When Group II Members Retire and Return to Public-Sector Work

Returning to work full-time

Retirees who return to work full-time, in a NHRS covered position, will stop receiving their retirement benefits and must be re-enrolled in NHRS.

Returning to work part-time

NHRS retirees can return to work for an NHRS participating employer, in a part-time capacity, and continue to receive NHRS benefits along with the salary from this position. Wages do not have to be reported to NHRS, unless the member retired on Disability Retirement.

What if a Group II retiree is hired to work part-time in a position that was formerly a full-time, NHRS covered position?

An employer must de-certify this position if: they ask a retired police chief to remain in the position he is retiring from on a part-time basis, or if another employer asks the police chief to work in a part-time capacity in a job that was formerly full time.

1. De-certification of a position

- If the position (police chief, fire chief, etc) was previously a full time position, the community must send notification *from the governing body* that it is no longer a full time Group II-eligible position.
- If a different employer hires the retiree, and the job was previously a full time certified Group II position, the same as above would apply – the community must send notification *from the governing body* that it is no longer a full time Group II eligible position.
- If the position the retiree occupies is one that remains certified as a Group II position, the retiree is subject to restoration of service. The pension will cease until the member retires again.

Citation: RSA100-A:1 VII (police) and VIII (fire)

2. Possible mandatory enrollment into Group I

- If the political subdivision is a participating employer for Group I members, and the new position regularly works 35 hours and has at least one other benefit (ie: medical, vacation/sick, or annual) received by full time employees, the occupant of the position must be enrolled in Group I.

Citation: Administrative Rules Ret 302.05 Minimum Participation Standards – Group I Political Subdivisions

ENROLLMENT OF EMPLOYEES

Procedures and Requirements

All new full time employees must be enrolled in NHRS. Complete and forward the *Member Information* form and *Designation of Death Beneficiary(ies)* form immediately. The birth certificate and/or social security card may be forwarded to NHRS at a later date, if not available at this time.

Enroll Employees Immediately with NHRS

1. NHRS Member Information Enrollment Form ([D NHRS 1](#))
2. NHRS Designation of Ordinary Death Beneficiary(ies) form ([D NHRS 2](#))
3. Certified copy of worker's birth certificate **or** any acceptable proof of age document
4. Copy of worker's social security card **or** a completed IRS Form W-9
5. Group II Position Certification Form ([D NHRS 3](#)) – for workers in positions not previously certified

List of Forms

Enrollment Forms

New enrollment forms are needed when:

- A member has transferred from another employer
- An employee leaves your employment and later returns
- An employee changes jobs within the same employer, **and** their classification will also be changing.
 - For example: A new form should be submitted if an administrative employee (in Group I) of a county becomes a correctional officer (in Group II).

When in doubt, give us a new form – it is better to have to weed out duplicates than to leave someone out. Without enrollment forms, members will not get their annual statements, and it will be more complicated to pay death benefits if they die in service.

Employees who are not promptly enrolled in NHRS as required are entitled to petition for service credit under the *Employer Enrollment Oversight* provision. Employers may be required to pay 50% of the cost of the proper service credit.

Beneficiary Forms

Members must complete beneficiary forms when they enroll. The forms must be notarized. If members have a change in circumstance – marriage, divorce, etc. – and wish to change their beneficiary, they must fill out a new form and file it with NHRS. We are legally obligated to pay death benefits to the person(s) named on the form that we have on record.

Address and Name Changes

Hundreds of members do not get their annual statements because they have failed to notify NHRS of an address change. Encourage your employees to send us notification.

Employers may notify us of a change in address by:

- Sending the information on their letterhead, or
- Completing the *Change of Address* form ([NHRSADCHG](#)) – making sure that when the employer signs the form, they include their title.
- Mail them to NHRS or fax them to (603) 271-6806.

NHRS Publications

All NHRS publications carry the following disclaimer: *NHRS is governed by NH RSA 100-A and the rules and regulations promulgated by the NHRS Board of Trustees. In the event of any conflict between this publication and the laws, rules, and regulation that govern NHRS, the laws, rules and regulations will prevail.* The reason for this disclaimer is that RSA 100-A consists of more than 100 pages of “legalese,” and some of the obscure details and exceptions are not easily converted into layman’s terms. It is not possible to anticipate each individual’s particular circumstance, which may cause a specific individual’s eligibility, qualifications or benefit calculation to differ from those described in a more general way.

We recommend that you give your employees a copy of the *Summary of Benefits* pamphlet for their Group. The Summary offers general information about pensions, death, disability and medical benefits.

Suggestion: New employees get so much paper work, it is unlikely that they will take the time to read the more extensive Group I and Group II *Booklets* (which are about 40 pages) when they first start their employment. By the time they reached retirement age, the booklet would be outdated. Certainly, employees who are interested in knowing more detailed information about their benefits may be given copies of the booklets and any other specialized publications on various benefits. We suggest that you retain a small supply of current copies of each publication to offer to your employees upon request, as well as for your own reference.

The most current information is also available on the NHRS website, www.state.nh.us/retirement. Forms can be downloaded, which will allow employees to apply to make additional contributions, get calculations for the cost of prior service credit purchase, pre-select a survivorship option, or to change an address.

List of NHRS publications:

- Group I: Summary of Benefits, Booklet, Planning Guide, and Medical Subsidy
- Group II: Summary of Benefits, Booklet, and Planning Guide, and Medical Subsidy
- Split Benefits (for those with service in both Group I and Group II)
- Service Retirement
- Disability Retirement
- Pre-Retirement Death Benefits
- Additional Contributions
- What Are My Options if I Terminate Prior to Retirement?
- Ten Most Commonly Asked Questions

REPORTING AND REMITTING CONTRIBUTIONS

Contribution Rates

NHRS is a contributory defined benefit plan. Both employees and employers contribute. This section provides information on the rates for each employee group and the employers' obligation for reporting and remitting contributions to NHRS.

Employee Share

Group I: employees and teachers contribute 5% of their earnable compensation.

Group II: police officers and firefighters contribute 9.3% of their earnable compensation.

In specific circumstances, both employers and employees are still required to make contributions when employees are out on leave (see the chart below). The regulations concerning completely or partially employer funded salary continuance (disability insurance) income can be found in the "[Salary Continuance/Disability](#)" section.

Even though contributions are not allowed on Worker's Compensation payments, members may still earn service credit for the time that they were receiving Worker's Compensation benefits (see [Service Credit](#) section).

NHRS Contributions: Required or Not?	
	Required?
<u>Employer Funded Salary Continuance Plans</u>	Yes
Non-Employer Funded Salary Continuance Plans	No
Sabbatical and Educational Leave	Yes
Workers' Compensation	No
**Except if the member uses leave time to make up the difference	Yes

Employer Share

NORMAL CONTRIBUTION RATES EFFECTIVE JULY 1, 2001 - JUNE 30, 2003

In accordance with the provisions of RSA 100-A:16, III, the June 30, 1999 Actuarial Valuation, and the 2001/2002 Forecast Valuation, the Board of Trustees certifies the following employer normal contribution rates for the fiscal year beginning July 1, 2001 and ending June 30, 2003. The next rate change will be effective July 1, 2003. Employers will be notified when the new rate is set.

	Effective July 1, 2001	Effective July 1, 2003
GROUP I		
Employees	4.14%	5.90%
Teachers - District Share	2.58%	2.64%
- State Share	1.39%	1.42%
Total	3.97%	4.06%

GROUP II

Policemen	- Employer Share	5.33%	7.87%
	- State Share	2.87%	4.24%
	Total	8.20%	12.11%
Firemen	- Employer Share	6.61%	13.44%
	- State Share	3.56%	7.24%
	Total	10.17%	20.68%

The school district and employer share rates must be applied to the covered payroll for each respective membership classification.

ADMINISTRATIVE ASSESSMENT

As of July 1, 2001, the administrative assessment was repealed entirely by the legislature and is no longer an expense to employers. Your administrative assessment rate is now zero.

Reporting Contributions

At the end of each month, enter the total monthly earnable compensation, which includes:

- Cash in lieu of benefits
- Remaining balance of benefits, in a cafeteria plan
- Wages paid by you to employees, for work other than their usual position (ie: teacher and Soccer Coach).
- Allowance for uniforms, if reported as taxable.

List the gross compensation paid to each contributing member for that month. Enter the total monthly deductions taken for each contributing member, based on total monthly taxable wages.

SAMPLE CRF.4 FORM

New Hampshire Retirement System Contribution Reporting Form

Account Number _____ Page _____

Fiscal Date _____ Date _____

Employer _____

<i>Social Security Number</i>	<i>Monthly Gross Wages</i>	<i>Regular Monthly Contributions</i>	<i>Member's Name Last, Full First, Middle</i>
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____
_____	\$ _____	\$ _____	_____

Contribution reporting forms for each of the four employee categories vary according to the employee and employer share. Sample forms for each of the employee categories are in the Appendix.

	FORM	EMPLOYEE CONTRIBUTION	EMPLOYER CONTRIBUTION
Employees	CRF.2	5%	4.14%.
Teachers	CRF.5	5%	2.58%
Police Officers	CRF.3	9.3%	5.33%
Firefighters	CRF.6	9.3%	6.61%

Electronic Reporting

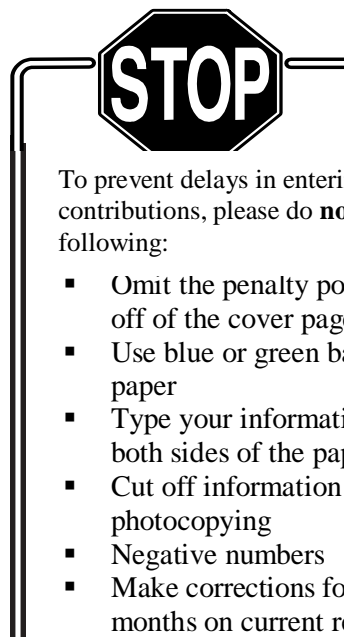
To save on administrative costs, NHRS is encouraging employers to transmit their contribution reporting through an electronic format, known as *Magnetic Media Reporting*. NHRS will send you a format for an ASCII file, a year's supply of diskettes and any technical assistance you require to convert your reporting. Please contact:

Kathy Roberge, Supervisor of Data Prep, at ext. 227 or kroberge@nhrs.state.nh.us,

Martha Butterfield, NHRS Field Representative, at ext. 226 or mbutterfield@nhrs.state.nh.us

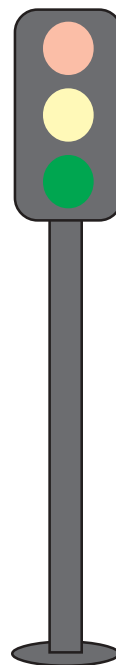
Reporting on Paper

When this information arrives at the NHRS office, in hard copy form, it must be keyed into our system by our data prep staff. We request that employers using this method send reports that we can easily read. Here are some helpful hints:



To prevent delays in entering your contributions, please do **not** do the following:

- Omit the penalty portion off of the cover page
- Use blue or green bar paper
- Type your information on both sides of the paper
- Cut off information while photocopying
- Negative numbers
- Make corrections for prior months on current reports



GO FOR IT!

- Account number
- Month & year
- Signed report
- Phone number with extension
- Use at least a 12 font and readable spacing
- Social Security numbers are 9 digits
- Tear your reports apart
- Double check your figures

Reminders:

- Always enclose backup with payments
- When an employee moves to another account, a new enrollment form is needed.
- Name changes must be done in writing by the individual.

Late Penalty

As stated on the Contributions Reporting form, there is a 1% per month penalty if the report is not received by NHRS on the 15th day of the month, following the month of this report. **The envelope must be stamped by the 15th of the month.** Employers will not be reminded to send in their contribution reports.

NOTE: We prefer that you send a separate check with a copy of the late penalty letter, but if you are enclosing your penalty on a reporting form, please indicate the following:

ie: Late Penalty of 1% for the month of January 2002, in the amount of \$197.00, is included.

Errors in Reporting

If you make an error in reporting, do not adjust data provided in the current or subsequent monthly employer contribution summary/detailed report. Send a separate letter detailing the:

- Employee's name
- Social security number
- Reporting period in question
- Wages reported and what the correct amount should be

If you make a calculation error, do not subtract your overpayment from your monthly contributions. A refund request must be made in writing. If you omit an employee from your report, please use the following steps to inform us:

- Within 30 days of the date of the erroneous report, the employer shall file an amended employer contributions reporting summary or an amended detailed member contributions report for the applicable time period; or
- Within 60 days of discovery of the error, the employer shall file a petition for a contribution, earnable compensation or service adjustment in accordance with Ret 304.03.
- Any improperly adjusted summary or report filed contrary to the above requirements shall be returned by NHRS and the employer shall be subject to late remittance penalties, pursuant to RSA 100-A:16 and [Ret 304.06](#).

Please report these errors to Kathy Roberge, Supervisor of Data Prep, at ext. 227 or kroberge@nhrs.state.nh.us.

Reporting Additional Contributions

Additional Contributions is extra money paid to NHRS by an active member and/or by an active member's employer, separate from mandatory contributions, for the purpose of funding an additional annuity. This second annuity does not "buy time." It allows the member to meet one of two goals:

- To offset or eliminate the reduction for early service retirement (Group I only)
- To pre-fund an additional annuity, which when combined with their regular annuity will equal up to 50% of AFC

At retirement, the member may choose to receive the additional contributions as an annuity, *or* the member may withdraw the additional contributions, plus credited interest, in cash.

Employee Funded Contributions

The contributions made by the members must be post-tax (after taxes). The NHRS actuary calculates the amount members may contribute, however there are limitations imposed by the IRS.

Members may send their contributions in, using form [D NHRS 22](#). Employers have the option to offer payroll deduction to their employees, who wish to make Additional Contributions. If you chose to offer payroll deduction, there are two forms, [DRF](#) [ECR2](#), that will allow NHRS to properly credit the funds.

Employer Funded Contributions

Employers who wish to contribute funds on behalf of their employees **may only** contribute in order to offset the early retirement reduction for Group I members. If you would like to apply for this reason, please complete form [C NHRS 41](#), and send it to NHRS for approval. Contributions will need to be reported on forms [DRF](#) [ECR2](#).

Further details regarding this program can be found in the [Additional Contributions](#) section.

Options for Remitting Contributions

You can put your employer contributions and your employees' money to work for them faster, and help us to save on administrative costs, by utilizing one of the following payment methods.

For those using Magnetic Media reporting:

- If you are paying by Check, we are recommending that employers place the check by itself into an envelope and mail it to the Lock Box address and then place the diskette by itself into a diskette mailer and send it directly to our Concord office at 4 Chenell Drive. No paperwork is necessary, with either the check or the diskette, as long as the diskette label is properly marked. We can obtain the summary and detail data we need from the file or files on diskette itself and the bank isn't interested in anything other than depositing the check on our behalf.
- If you are paying by ACH or wire, please send your diskette to NHRS, 4 Chenell Drive, Concord, NH 03301.

NHRS Lockbox:

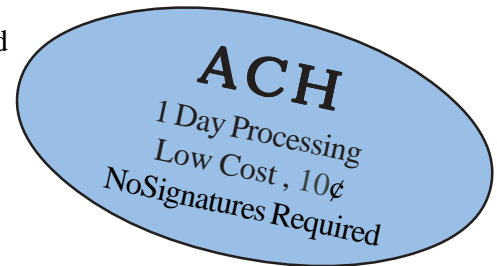
If you are paying by check, please send your remittance to:

New Hampshire Retirement System
PO Box 845666
Boston, MA 02284-5666

Automated Clearing House (ACH):

If you are paying by ACH, which is part of the New England Automated Clearing House (NEACH), please follow these instructions:

Bank ABA# **0114-0153-3**
Bank Name: Citizens Bank
Bank Address: 875 Elm Street
 Manchester, NH 03101
Account # **3305033276**
Account Name: New Hampshire Retirement System



Wire Transfer:

If you are paying by wire transfer, please follow these instructions:

Bank ABA# **0115-0012-0**
Bank Name: Citizens Bank
Bank Address: 1 Citizens Drive
 Riverside, RI 02915
Account # 3305033276

If you have any questions regarding the options for remitting contributions, please contact:

- ACH or Wire Transfers - Judy Edmunds, ext. 249 or jedmunds@nhrs.state.nh.us
- Electronic Reporting – Data Prep Supervisor, ext. 269, or Martha Butterfield, ext. 266 or mbutterfield@nhrs.state.nh.us

Contribution and Reporting Requirements for Employees on Salary Continuance/Disability

Employers who pay all or part of their employees' disability insurance premiums, or who pay into a cafeteria plan of flexible benefits that is used to purchase disability insurance, are subject to RSA 100-A:4, III-a. The statute requires both employer and member contributions on the member's earnings from the salary continuance plan, *based on the portion of the plan that is employer funded*.

If you, the employer, pay for the entire premium of the disability insurance policy (salary continuance), then you pay your regular employer contribution rate, and the members pay at their regular rate.

If you pay only a share of the premium, then you pay based on the portion that you fund. For example, if you fund 60% of the plan and the member funds the balance, then 60% of the member's earnings from the salary continuance plan would be subject to NHRS employer and member contributions. Even with only a portion of the plan being paid, the employee receives full service credit.

In cases where a member purchases a salary continuance plan through a flexible benefits or cafeteria arrangement, under an IRS Section 125 plan, the salary continuance plan is considered employer-funded, based on the portion of the plan that is purchased with employer-allotted funds. If a member purchases any portion of a salary continuance plan with personal wages, that portion of the plan is *not* considered employer-funded.

Example 1: If the cost of a salary continuance plan is \$1,000 and the member uses \$1,000 of his employer-allotted funds to purchase the plan, then 100% of the member's earnings from the salary continuance plan would be subject to NHRS employer and member contributions.

Example 2: If the cost of the plan is \$1,000 and the member uses \$600 of his or her employer allotted funds and \$400 of personal wages to pay for the plan, then 60% of the member's earnings from the plan would be subject to NHRS employer and member contributions.

Example 3: If the cost of the plan is paid completely by the employee, then no NHRS contributions are required and thus no service credit is earned.

There have been some incidences where members, too ill to work, have become ineligible for certain retirement benefits that they were entitled to. The lack of contributions on their accounts had taken them "out of service," and as such, they were no longer categorized as "active members." Being an active member is one of the requirements to file for service retirement and for the beneficiary to be eligible for the ordinary death benefit. In a recent case, the calculation of death benefits for a widow was made very difficult because there was no record of recent contributions on behalf of the deceased member.

Under most salary continuance plans, the benefits are paid directly to employees who are unable to work due to illness or injury. Employers should notify their employees that NHRS law requires them to make their regular 5% contributions on their salary continuance plans to the level that is employer-funded. Employers and members must coordinate the payment of these contributions, and employers should remit both the employer and member contributions to NHRS. Members should not remit their contributions to NHRS independently. Although these employees are in a time of crisis, it is critical that they send you their share of the required contributions so that you can remit them.

Q&A on Salary Continuance

- Can members pay their 5% contributions, on their salary continuance plans, in partial payments?

Answer: No, they must remit payment in one lump sum.

- Can members who cannot afford to pay contributions, while on salary continuance, discontinue participation in the System?

Answer: No, not unless a termination occurs.

- In cases of resignation/termination and the member is still in receipt of salary continuance payments, must (may) they contribute to the System?

Answer: No contributions are allowed after termination.

The forms to report salary continuance are [SALCONT 1](#) or [SALCONT](#) . If you have questions about how to report these contributions, please contact the Supervisor of Data Processing, at ext. 269 or kroberge@nhrs.state.nh.us

Your role is very important, because employees stand to lose eligibility for NHRS disability or death benefits that they or their families may need.

Audits

NHRS staff may call employers to schedule audits on a routine basis, in response to a request, or if there has been a problem with complete and accurate reporting.

The items that the NHRS auditor will need to review include the following:

- Earnable compensation of all employees on payroll, whether NHRS members or not (all earnings subject to federal income tax).
- W-2 forms, which show the employees' social security numbers and how earnings are treated concerning tax sheltering.
- Date of hire to a full time eligible position.
- Hours worked – do they meet the minimum guidelines?
- Job title – to determine proper classification.
- Group II Certification forms ([D NHRS 3](#))

WHEN AN EMPLOYEE TERMINATES EMPLOYMENT OR RETIRES

Find out which it is: retirement or termination?

NHRS makes an important distinction between the status of termination and retirement. Some people say they are retiring when they mean they are leaving their employment. **For NHRS, retired means you are drawing a pension.** If an employee is leaving work, but choosing to take a refund instead of a pension, or waiting to take a vested deferred pension, that employee has **terminated**. These distinctions are important, because employers need to provide additional documentation for employees who are retiring.

Employer's Role When Employees Terminate

You are no longer required to complete any refund paperwork for the terminated employee. If it has been less than six months since their termination, an employee may ask you to report the payroll ending date that the last deduction was taken on Section 5 of the *Application of Member for Return of Accumulated Contributions* form (RNHRS 25). This information is to let NHRS know that all of the funds have been accounted for, so that the refund can be complete when it is issued.

Note About Refunds: Some employees think that they *must* take their money out if they leave employment before pension eligibility – that is not the case, and often that is the worst financial decision they could make. For details on employees' options when they terminate before retirement, see the Benefits section, "[Leaving Service Before Pension Eligibility](#)." It is an awkward conversation to have with employees, because they may think we are trying to keep their money. But, it is important for them to make an informed decision. If they ask you about getting a refund from NHRS, please refer them to NHRS for a copy of the brochure, "*What are my options if I terminate employment prior to retirement*," and a full explanation of their rights and benefits.

Refunds for Employers: Political sub-division employers get refunds of the contributions made on behalf of employees who terminate prior to their 6-month anniversary. Employees who later become NHRS members again are not eligible to buy-back that time, as the employer's portion is no longer in the system.

Employer's Role When Employees Retire

When employees tell you they are retiring, remind them to file for Service Retirement with NHRS *before* they leave your employment.

Every year, there are members who have told their employers that they are retiring; they leave their jobs and expect their pensions will arrive the following month. It does not work that way. They can still file to get a pension, under Vested Deferred Retirement, but they have missed out on a couple of pension checks and they may have lost other benefits. In order to qualify for Service Retirement, members must file while they are still "in service."

It is possible for employees to file the required paperwork by mail, but we encourage them to make an appointment to see an NHRS counselor (please see the section on [Counseling Services](#)). When the employee has filed for retirement, you will receive several important forms from the NHRS office.

Employer's Notice of Termination – Required by Administrative Rule 305.02

When your employee files for retirement, you will receive the form, *Employer's Notice of Termination*. Please return it to NHRS within 30 days. On the form you will be asked to provide the termination date, information about

the four most recent payroll cycles and expected termination pay – vacation, sick, holiday, severance, etc. This information is particularly important because one of the key variables in the pension calculation is the Average Final Compensation (AFC) – the average of the members three highest paid years. NHRS needs this information to calculate the member’s retirement benefit, since additional payouts in the final year generally make it one of the highest paid years.

When retirees get their first pension check, it is based on a preliminary calculation - generally their benefit will increase, based on the inclusion of terminal pay in their final year’s salary. In order for their benefit to be finalized, accurate information on all their payouts is essential.

New Administrative Rules require that this form be provided within 30 days of the member’s termination. Failure to receive this form may cause the member’s retirement benefits to be held up. You will be sent the appropriate form: For Police, Firefighters and Employees, form [CNHRS 18.A](#); for Teachers and Post-Secondary Faculty, form [CNHRS 21.840](#)

Note: In the year that they retire, teachers should not elect to receive their salary throughout the summer (if they plan to retire as of July 1).

“The Cap,” Employer Certification of Credits Earned and Used After June 30, 1991 for Retirement Benefit Calculation Purposes (GFAC2) - Required form

There is a cap on the amount of earnable compensation that can be used to calculate a member’s retirement benefit, created by RSA 100-A:1 XVII. The member’s income in their final year cannot exceed 150% of their second highest year, with an important, but administratively cumbersome, exception. The leave amounts members accrued prior to June 30, 1991, and paid at termination, are *exempt* from the cap. Your employees are dependent upon your records to show NHRS that some of their earnings should be exempt from the cap.

Administrative Rule Ret 310.02 Cap on Earnable Compensation for the Purposes of Determining Average Final Compensation addresses the administration of the cap. The section for employers is:

(d) Each participating employer, through its payroll and personnel records, shall calculate and certify to the system all accrued holiday, vacation, sick time or other credits earned by each member on account of service rendered before June 30, 1991. Member employers shall keep a copy of said calculation and certification in the member’s personnel file.

After your employee files for retirement, you will receive the form [GFAC2](#), “Employer Certification of Credits Earned and Used After June 30, 1991 for Retirement Benefit Calculation Purposes.” Some employers set up a system to calculate running totals of exempted leave balances for any eligible employees. **Please return the form promptly, so that the member’s benefit can be finalized.**

Note: If your employees’ terminal pay is so low that it is clear that they will not exceed the cap, you may mark the form “not applicable” (N/A), **but** be sure to list the amount of the employee’s payout (sick, annual, etc.).

Important: In the case of either a retirement or a termination, please make a note on your next monthly contribution report to NHRS that the member has left your employment.

Administering the Medical Subsidy

The distinction between termination and retirement is significant concerning medical insurance. Employees who terminate have the right to stay on your group medical coverage, at their own expense, for 18 months, under Cobra. Employees who retire have the right to stay on indefinitely, at their own expense. For eligible retirees, NHRS pays a medical insurance subsidy to the former employer toward the cost of keeping the retiree on your group coverage. Eligibility for the medical subsidy generally requires 20 years of service. For all of the qualifications, please refer to the [Benefits section](#).

After your employees file for retirement, and they want to apply for the subsidy, they will come to you to request a form for authorization. NHRS pays the subsidy to either you, as the former employer, or to your health care administrator.

The retiree is responsible for the difference between the subsidy and the premium (unless the former employer pays it.) NHRS needs accurate information concerning the premium rates, so that we can make the appropriate deductions from the retiree's pension checks. Your health care administrator may handle the forms for you. The *Employer Application for Retiree Insurance Premium Deduction Remittance* ([attach.doc](#)) informs NHRS of the premium rates. The retiree must complete the *Retirement Annuity Deduction Authorization* ([DEDAUTH](#) – Single Member; [DEDAUTH 5](#) – Married Couple Members).

The following is a list of instructions from the NHRS Annuity Division to facilitate the administration of the medical insurance subsidy.

NEW HAMPSHIRE RETIREMENT SYSTEM INSURANCE PROCEDURES

The rules and procedures for submitting insurance authorizations and rate change requests must be observed in order to insure an orderly transition for the new retiree and to prevent the employer from having to collect or refund premiums. It should be noted that there are specific cut-off dates for submitting these requests. Payment to the employer, of deductions withheld from the retiree's pension, is made on the last business day of the month. Also, a separate check is issued for those eligible for a subsidy on the last business day of the month.

1. All insurance providers/employers are required to notify the New Hampshire Retirement System (NHRS) of any rate changes before the first of the month on the Provider/Employer Application for "Retiree Insurance Premium Deduction Remittance" form. We would also like to remind provider/employers that rate change notification to retirees is not the responsibility of the NHRS. Any calls from retirees regarding rate changes will be referred back to the provider/employer.
2. NHRS will not be held responsible for group rate changes received in our office after the first of the month, which will be processed in the following month. Provider/employers should be prepared to recover amounts due or to refund excess amounts which may result from a failure to meet provisions #1.
3. Coverage changes for individual retirees must be received in our office prior to the processing cutoff date for the requested month. A copy of the cutoff dates for each month will be provided annually by NHRS. Since our payroll is processed by outside vendors we have absolutely no latitude on this issue. Providers/employers should allow sufficient time for an original authorization to be supplied to the NHRS. A faxed copy is not acceptable.

4. In the event that a retiree passes away, the surviving spouse or beneficiary must sign a new authorization form if they continue to be eligible for coverage.
5. NHRS subsidy eligible members, who have a deduction but as a result of a group rate increase no longer have sufficient pension to cover deductions in excess of the subsidy, will continue to receive the subsidy. They will also be required to pay the provider/ employer directly for the balance due. Future changes, which may occur, that place them once again in a position where the pension is sufficient to cover premiums in excess of the subsidy, may apply via a new authorization form to have automatic payroll deductions reinstated.
6. Provider/employers who have variable Medicare supplement rates are responsible for notifying NHRS when a retiree attains an age, which results in a rate change. We also require that the spouse's name, social security number, and DOB appear on each authorization, when applicable.
7. In an attempt to eliminate the potential for errors, provider/employers must indicate the "Requested Action" for retiree and spouse coverage. For example: a two person plan being converted to a one person non-Medicare eligible plan and a one person Medicare supplement plan would be indicated as a "no change" for the non-Medicare eligible individual and a "change" for the Medicare supplement plan individual.
8. Only NHRS will determine Subsidy eligibility. NHRS tracks members who become eligible at 55 and 60. Their subsidy is then implemented on the first of the month following their birthday.
9. In the event of divorce, a retired member's spouse is no longer eligible for the subsidy. Subsidy benefits paid on behalf of a divorced spouse are subject to recovery from the provider/employer. Providers/employers are urged to notify NHRS immediately upon becoming aware of a retiree's divorce.
10. Payment to the provider/employer shall be issued on the last business day of each month.

Questions may be referred to an Insurance Division Representative, at ext. 243 (lshaw@nhrs.state.nh.us).

SUMMARY OF NHRS BENEFITS

The purpose of this section of the manual is not to turn employers into retirement counselors. It is simply to acquaint you with the basics of NHRS benefits. We encourage you to refer your employees to the NHRS staff whenever they have questions about their benefits.

Pension Benefits

Group I

Since NHRS is a defined benefit plan, pensions are calculated on a formula based on salary and years of service, not on the amounts contributed to the plan. The two types of service retirement for Group I (employees and teachers) are regular Service Retirement and Early Service Retirement.

Service Retirement: at age 60, active members may retire, regardless of their years of service. The pension amount is calculated on the following formula: *AFC* (average final compensation = the average of the member's 3 highest paid salary years), divided by 60, multiplied by the member's *creditable service* (the years and months as a member of the retirement system).

SERVICE RETIREMENT FORMULA

Ages 60-64

AFC divided by 60 x Years of Creditable Service = Annual Pension

IE: \$30,000 AFC divided by 60 = \$500 x 30 Years of Service = \$15,000 Annual Pension

Generally, 30 Years of Service = $\frac{1}{2}$ of AFC

Note: At age 65, all Group I members' pensions are reduced by about 10%.
Formula = AFC divided by 66, times the years of service.

Early Service Retirement: With a minimum of ten years of creditable service, Group I members may retire prior to age 60, with an early retirement reduction. They may retire in their 50's or earlier, if they qualify under the "Rule of 70" (members who have at least 20 years of service and their age plus their years of service = 70). The following reduction factors will apply:

Early Service Retirement Reduction Factors

- How many years of Creditable Service the member has at retirement
- How many years before age 60 the member retires

Actuarial Reduction Factors

35 Years.....	1.5%
30 Years	3%
25 Years.....	4%
20 Years	5%
less than 20.....	6.66%

Example: A teacher with 25 years of service retires at age 55. Twenty-five years of service triggers a reduction factor of 4% multiplied by 5 (for retiring five years early) and leads to a total pension reduction of 20%.

Note: Making Additional Contributions may offset the reduction for early service retirement. (See details on the next page).

Group II

Police officers and firefighters qualify for Service Retirement after having completed 20 years of creditable service and attaining the age of 45; **or** at age 60 or older, with no minimum service required.

The formula for Service Retirement is 2 ½ % multiplied by their **AFC** (*Average final compensation* = the average of their 3 highest paid salary years), multiplied by their years of **creditable service** (years and months as a member of the retirement system).

Group II Pension Calculation Formula

$AFC \times 2.5\% \times \text{Years of Creditable Service}$

IE: $40,000 AFC \times .025 = \$1,000 \times 20 \text{ Years of Service} = \$20,000$

This member can receive \$20,000 annually, for life, with regular cost of living adjustments

Split Benefits

For members who have creditable service in both Group I and Group II, pensions are calculated on the amount of service in each group. Members may contact NHRS for a brochure on this topic, at ext. 272, or they may speak with a counselor, at ext. 279.

Additional Contributions

NHRS members may make additional contributions to fund an additional annuity for the following purposes:

1. To offset the early retirement reduction – Group I only.
2. To receive a pension equal to 50% of AFC. This would apply to Group I members who plan to work less than 30 years or Group II members who will work less than 20 years (the time it takes to reach 50% of AFC).

Members must apply to NHRS for approval. When they submit the form *Member Request to Deposit Additional Contributions* ([C NHRS 40](#)), they must state which of the purposes applies to them. The amount they should contribute to achieve their goal is calculated by the NHRS actuary. Once approved, the member is notified of the amount needed to reach the goal and the maximum allowable amount that may be contributed, according to IRS regulations.

Additional contributions are separate from the regular mandatory contributions and must be made with post-tax (after tax) dollars. Some employers allow payroll deduction for these contributions – if you choose to offer that service. There are forms to file so that NHRS properly credits your deposits ([ECR 2](#) [DRF](#)). There is no reminder service. Members may also send their contributions directly to NHRS with a *Voluntary Additional Contributions Form* ([D NHRS 22](#)).

Employers may also make additional contributions on behalf of Group I members for the purpose of offsetting an early retirement reduction. They, too, must fill out an application form, *Employer Request to Deposit Additional Contributions* ([C NHRS 41](#)).

Service Credit

Service credit or “creditable service” is a key variable in determining a member’s retirement benefit. In the NHRS defined benefit plan, pensions are based upon a member’s salary and years of service. The formula uses an average of the three highest paid salary years, and the amount of creditable service, based on years and months. Members earn service credit while they occupy New Hampshire Retirement System (NHRS) covered positions in which they are actively contributing to NHRS on their earnable compensation.

Members should review their annual member statements, which include their amount of creditable service on record with NHRS, as of June 30th. Members who are within one or two years of retirement can request an audit of their creditable service record to ensure that their service credit is correct.

Members may also be entitled to prior service credit. Each type of service credit discussed below requires a different NHRS form. Cost estimates are free from NHRS, and forms to make each type of calculation can be requested from NHRS, or downloaded from the website.

New Legislation: As of November 9, 2002, NHRS will be able to accept [trustee-to-trustee transfers](#) from 457 or 403(b) plans to purchase service credit; prior to that time, all purchases were made with post-tax dollars.

Previously Withdrawn Service

Members who withdraw their accumulated contributions and later return to NHRS are entitled to reinstate prior service credit of six months or more. The purchase can occur anytime prior to retirement

Cost: The accumulated contributions previously withdrawn, plus the amount of interest that the funds would have earned at NHRS from the date of withdrawal to the date of purchase.

New Legislation: As of July 9, 2002, members may purchase their [prior withdrawn service](#) in blocks of six months or more; previously, they were required to buy it all in one lump sum. Payments cannot be made through payroll deductions.

[\(C NHRS 5\)](#)

Out-of-State or Federal Government Service

Members are eligible to transfer, through purchase, public service credit from another state or federal government service credit into NHRS, with two conditions.

- The member must join NHRS within *eighteen months* after terminating the previous public employment.
- He/she must apply for the credit within *five years* after becoming an NHRS member.

Cost: The member’s annual compensation at the time of purchase, multiplied by the sum of the member and employer contribution rates in effect at the time of purchase, multiplied by the years of service to be purchased.

Members may purchase the full length of service credit from the other system, or a pro rata portion of that service, which is purchasable with the maximum dollar amount that the member withdrew from the other system. Members who purchase only a pro rata portion of their service cannot purchase the remaining portion at a later date. Members must forfeit any rights to benefits from the other system, for the period of service being transferred into NHRS.

In order to transfer previous out-of-state or federal government system service into NHRS Group II (firefighter and police officers) creditable service, the full certification required to become a full-time firefighter or police officer

under the laws of the out-of-state or federal government jurisdiction must meet or exceed the requirements as an NHRS firefighter or police officer; otherwise, the service will be credited as Group I service in NHRS.

Forms:

- Certification of Out-of-State and/or Federal Service Public School Teachers, Administrative Personnel and Superintendents (TOSS)
- Certification of Out-of-State Service as a Police Officer or Firefighter (FOSS)
- Certification of Out-of-State Service as a Public Employee – excludes above (EOSS)

Service Before the Employer Elected to Participate in NHRS

Cities, towns, counties, school districts, and other political sub-divisions may elect to participate in NHRS for their employees. When the employer joins NHRS, all new full-time employees must be enrolled in NHRS.

Those who were hired before the employer joined have the *option* to become members. They may purchase their prior service credit if they were employed full time by the employer prior to the date the employer joined NHRS, provided:

- The time was not covered by another employer-sponsored plan – unless it was a 457 or 403(b) plan.
- They joined NHRS within *one year* after the employer joined.

The member may purchase the prior service if the employer is unable or unwilling to make the purchase.

Cost: The member's annual compensation at the time of purchase, multiplied by the sum of the member and employer contribution rates in effect at the time of purchase, multiplied by the years of service to be purchased.

Both the employer and the member have the *option of purchasing all or only a portion of the prior service*. The employer may amortize the payment from two to twenty years; however, the member must make full payment for the period of service being purchased.

(MODFORM).

Temporary, Non-permanent, and Probationary Period Service

Members who were employed *full-time* by an NHRS participating employer for at least six months in a non-permanent, temporary position, prior to being enrolled in NHRS, may purchase service credit for that period of employment.

Before July 1, 1989 some employers waited to enroll members until after a six-month probationary period. Now, employees who meet the eligibility requirements for membership in NHRS must be enrolled immediately. Members are eligible to purchase this six-month probationary period.

Cost: The member's annual compensation at the time of purchase, multiplied by the sum of member and employer contribution rates in effect at the time of purchase, multiplied by the years of service to be purchased. The purchase can be made anytime prior to retirement.

(C NHRS 9)

Employer Enrollment Oversight

Employer enrollment oversight refers to a period of time when a member should have been enrolled in NHRS, but was not. A member is entitled to employer enrollment oversight credit under the following conditions:

Member files a claim for oversight credit within *three years* after the end of the period for which the enrollment oversight credit is requested, unless the employer agrees to the oversight and waives the statute of limitations.

Cost: The member's annual compensation at the time of purchase, multiplied by the sum of member and employer contribution rates in effect at the time of purchase, multiplied by the years of service to be purchased.

The member is responsible for paying 50% of the cost, and the employer is responsible for paying the remaining 50%. The member can make one lump sum payment or annual payments, from two to six years, on an installment basis. (C NHRS 10)

Military Duty

Service credit for military duty is available to members if the member leaves employment with an NHRS participating employer to enter directly into the United States Armed Forces, and returns to NHRS covered employment within one year following the termination of military duty.

On October 9, 2001, the NHRS Board voted to authorize military service as creditable service, in both of the anti-terrorist operations:

- Homeland defense - Operation Noble Eagle
- The international mission - Operation Enduring Freedom

If the military duty is three years or less, there is no cost to the member for the service credit. If the military duty is more than three years, the member must pay to NHRS an amount equal to any member contributions that the member would have paid had the member been employed in an NHRS-covered position during the period of military duty. Members should send a copy of their discharge papers to NHRS, upon returning to employment.

Workers' Compensation

Members who receive weekly Workers' Compensation payments under RSA 281-A may apply for up to one year of service credit, **at no cost**. The free service credit for Workers' Compensation is not granted automatically. Members must file with NHRS a '*Department of Labor Memo of Payment of Disability Compensation*' form, verifying the first and last payment, **no later than one year** after the date of each new, unrelated injury. Credit will **not** be granted to members who apply for this type of service credit beyond the one-year period. To apply, send a cover letter with your Labor Department memos of payment to NHRS.

Note: This may not be necessary if the employees are still receiving earnable compensation from you. Many employers allow the use of sick leave or other leave in order to cover the difference between the employees' Worker's Compensation payments and their salary. If this is the case, and they remain on your monthly reporting forms, they probably are not missing any service credit and would not need to apply under the provisions described above. In either case, please note on your reports if any of your employees are out on Worker's Compensation, and encourage your employees to check their annual statements to make sure there are no gaps in their service credit.

Leaving Service Before Pension Eligibility: Both Group I & Group II

Members who leave their public sector job prior to reaching retirement age have several options. Vested members – those with 10 or more years of creditable service - have more options than non-vested members.

Non-Vested Members:

- Take a lump sum (taxable) refund of their accumulated contributions (the member's contributions with interest, *not* the employer's contributions). They forfeit any right to NHRS benefits once they have withdrawn their money.
- Arrange a rollover of their accumulated contributions into an IRA or other tax-deferred plan. As with the first option, they only get a refund of their own money (not the employer's), and they forfeit their right to any NHRS benefits.
- Leave their contributions in NHRS for up to six years. They will earn interest, currently at 9%. If within the six-year period, they *do* join NHRS again, they can continue building upon their previous service toward their pension and other benefits. If after the six-year period they *do not* return to another NHRS covered job, they must take a refund or rollover.

Vested Members:

- Same as above for the first two options – it is their money, they may withdraw it.
- Leave their contributions in NHRS, until they are ready to draw a Vested Deferred Pension.
 - By drawing it out as a pension, instead of a refund, they will collect many times more than they ever contributed and remain eligible for other benefits that they may qualify for, such as post-retirement medical benefits.

Example of a vested-deferred pension for a Group I member:

Vested Deferred Pension vs. Refund/Rollover <i>Sally left her Group I job after 18 years.</i>	
Vested Deferred Pension	Refund or Rollover
Sally's AFC was \$42,000 divided by 60 = \$700 x 18 years = \$12,600	Sally accumulated contributions, with interest, totaling \$48,695, which she can take as a refund or rollover.
At age 60, Sally could collect \$12,600/year, with-out counting any COLA's or the reduction at age 65.	
Between ages 60 and 80, Sally could collect \$252,000 (five times the amount she could have withdrawn earlier)	
If Sally lives to be 100 years old, she will still continue to get her pension.	

Did you know?

Most NHRS members receive the amount of their own contributions within the first 3-7 years of collecting their pension – for the rest of their lives they get money from the employer's share and the Trust Fund gains.

Suggestion: This is a difficult area to offer advice. The members' contributions are their money – and they are entitled to withdraw them when they terminate. The brochure, "[What are my options, if I terminate employment prior to retirement?](#)" has more information on the above subject.

Death & Disability Benefits

Disability Retirement

Ordinary Disability – non job-related

Members who become permanently incapacitated, and can no longer perform the duties of the job they plan to retire from, may apply for Ordinary Disability retirement if they have at least 10 years of creditable service. Members must submit their application within **one year** of the time their contributions to NHRS cease.

Accidental Disability – job related

Members who become permanently incapacitated, and can no longer perform the duties of the job they plan to retire from, due to a job related injury or illness, may apply for Accidental Disability with no minimum service requirement.

There is significant medical verification to qualify for either type of Disability Retirement. The NHRS Board also requires a ruling of compensability from the NH Labor Department before approving an Accidental Disability. The process is quite lengthy, so it is very helpful to the disabled employee if the employer returns all paperwork promptly. Forms are: *Employee Statement of Disability* ([C NHRS 7](#)) and *Employer's Statement of Disability* ([C NHRS8](#)).

Death Benefits

Ordinary Death – non job-related

- With less than 10 years of service, the member's beneficiary(ies) receives a lump sum payment equal to a return of contributions with interest and a year's salary.
- With at least 10 years of creditable service, the spouse may receive 50% of the member's pension – **or** - a lump sum payment (benefit for vested members).

Accidental Death – job related

A pension *and* return of contributions are provided to the member's spouse, or dependent children, or dependent parents and a lump sum payment is provided to the designated beneficiary(ies).

Important Note: Members who are eligible to retire, but are still working, may pre-select a survivorship option. It guarantees the maximum allowable pension to their beneficiary(ies), if they should pass away before they retire. All members over 60 and any Group II members over 45, who have 20 years of service, should file a Pre-selection form with NHRS:

- Election of the Maximum Survivorship Option Before Service Retirement With Single Beneficiary – [C PSSB1](#)
- Election of the Maximum Survivorship Option Before Service Retirement With Multiple Beneficiary – [C PSMB2](#)

Survivorship Options – Pre-Retirement

Information on Selecting a Maximum Survivorship Option before Retirement

Who is eligible to pre-select a survivorship option?

If you're eligible to retire but want to remain on the job, you can provide the same level of financial security, for a beneficiary of your choice, as a retired member is able to provide under the maximum survivorship option.

- Group I (employees and teachers) is eligible for regular service retirement upon attaining **age 60**.
- Group II (firefighters and police officers) is eligible for regular retirement upon attaining age 60, regardless of years of service, or upon attaining **age 45, with a minimum of 20 years of service**.

What's the advantage?

If you die while in service, but before retirement, your beneficiary(ies) will have an alternative to receiving the Ordinary Death benefit. Under the ordinary death benefit for active members, if you're eligible to retire but die before filing for retirement, only your spouse may receive a pension. That spousal pension is equal to 50% of your earned pension. If your spouse remarries, the pension stops.

- Under the maximum survivorship option, any person you designate can receive, for his or her lifetime, a pension equal to 100% of your reduced pension.
- Before applying for retirement, there is no cost to provide this protection and you can change or cancel it at any time.

Are there any limitations?

Any allowance payable to a beneficiary is subject to the limitations set forth in RSA 100-A:13-b. A non-spouse beneficiary(ies) who is ten or more years younger than you is eligible for a survivorship allowance of 52% to 96% of your allowance. The exact percentage will vary according to the age of the beneficiary(ies).

When selecting the maximum survivorship option, if you want to designate one beneficiary, you may name any person. Multiple beneficiaries must be your children and may include your spouse. Multiple beneficiaries will receive for their lives that portion of the maximum survivorship allowance, which you specify as a percentage. The total combined percentage must equal 100%.

Important: *In order for the pre-selected survivorship option to take effect, the survivorship option beneficiary(ies) and the primary ordinary death beneficiary(ies) must be the same.* The name of your beneficiary(ies) appears on your annual statement. You may change your beneficiary(ies) by filling out a new *Designation of Death Beneficiary(ies) (pre-retirement)*. It must be notarized and returned to NHRS.

What form(s) do I need to complete to select the Maximum Survivorship Option?

Either:

- Election of the Maximum Survivorship Option Before Service Retirement With Single Beneficiary – [CPSSB1](#)
- Election of the Maximum Survivorship Option Before Service Retirement With Multiple Beneficiary – [CPSMB2](#)

Is any additional information required?

Be sure to complete both sides of the form and have it notarized. Please return all completed forms, along with a copy of your beneficiary's(ies') birth certificate(s), to NHRS as soon as possible.

Your pre-selection of a survivorship option will not take effect until it is received by NHRS.

Post-Retirement Health Insurance (Medical Subsidy)

The Medical Subsidy is a payment made by NHRS to the former employer or the former employer's health care administrator, *not* directly to the member. Retired members are permitted to enroll in their employer's health plan, even if they were never enrolled as an employee. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid.

If the subsidy does not cover the full cost of the premium, and the former employer does not pay the difference, the member is responsible for paying the balance. This is done by payroll deduction, from the pension. The retired member must file a *Retirement Annuity Deduction Authorization for Retiree Health Benefits* form ([DEDAUTH](#)) with their former employer.

The surviving spouse of active or retired members, and their certifiably dependent children may also be eligible for the medical subsidy (call NHRS for details). Divorced spouses are not eligible for the subsidy, but new spouses can be added. Under specific conditions, qualified beneficiaries of members who die while in service or after retirement may also be eligible for the subsidy.

Married couples that are both qualified, retired NHRS members, and both are receiving a pension, can each qualify for the 2-person level of subsidy payment (see below), up to the level of complete coverage. In this circumstance, they are likely to be able to fully cover the cost of the 2 person medical plan and avoid any co-payments, because each is eligible as a member and a spouse. They must also complete a Authorization form ([DEDAUTH 5](#)), specifically for married couples who are both members of NRHS, and file it with their former employer.

Medical Subsidy Rates

Effective 7/1/02

1 Person.....	\$255.60
2 Person.....	\$511.20
1 with Medicare supplement	\$161.19
2 with Medicare supplement.....	\$322.38

These rates increase by 8% each year of the program.

Changes in status such as divorce, death, or re-marriage must be reported to NHRS. It is the responsibility of the employer to verify the monthly payment and notify NHRS of any discrepancies. *NHRS reserves the right to recover any overpaid subsidies.*

Eligibility for Group I Retirees - Teachers and Employees

Members must meet one of the following criteria on or before July 1, 2008:

- Retired at age 60 or older, with at least 20 years of Group I creditable service, under service or ordinary disability retirement
- Retired at ages 55-59, with at least 30 years of Group I creditable service, under service or ordinary disability retirement.
- Retired under accidental (job-related) disability
- Retired prior to age 60, with at least 20 years of Group I creditable service, and subsequently attains the age of 60. Or retired prior to age 55, with at least 30 years of Group I creditable service, and subsequently attains the age of 55.

Eligibility for Group II Retirees - Police Officers and Firefighters

- They are active or retired police officer or firefighter member as of 6/30/00, or a Group II member before 7/01/03, if retiring on Accidental Disability.
- They are eligible to retire on the basis of Group II service **only**.
- They receive a service or disability retirement pension (not vested deferred).

Note: Members may not use any out-of-state service for the purposes of qualifying for the subsidy. Members who have both Group I and Group II service should call NHRS to determine their eligibility.

Questions about the Medical Subsidy should be directed to an NHRS insurance representative, ext. 243 (lshaw@nhrs.state.nh.us).

PLANNING FOR RETIREMENT

Employees are increasingly interested in learning about their retirement benefits and starting to plan ahead. NHRS offers a variety of resources to assist members:

Annual Statement: Each year members receive an annual statement that projects their future pension benefits.

Planning Guide: The Planning Guide includes a worksheet, so that members can get an idea of how their pensions are calculated using different variables of salary and service.

Pension Estimate Card: Within one to three years away from retirement, members can submit a pension estimate card requesting a calculation based on a specific retirement date.

NHRS Counseling Service

Within a year to six months from retirement, they may call to make an appointment with a Retirement Counselor. There are now more than 47,000 active members in NHRS; the 4 retirement counselors cannot meet with each of them one-on-one. Personal appointments with counselors are primarily intended for members within a year of their retirement.

NHRS has a staff of four experienced retirement counselors. They are not personal counselors in the clinical sense – they don't talk to people about their personal transition from work to retirement – but they do talk to people about some critical decisions. They are there to offer specific information about filing for retirement and the survivorship options that NHRS offers. There are five options - members can choose to draw the maximum pension and not leave anything to a beneficiary or choose from other options that involve drawing a smaller pension in order to guarantee a lifetime benefit to a beneficiary. Married members are encouraged to bring their spouses with them to the appointment with the counselor, so that both understand the options that are available to them. Spouses are also required to sign a notarized spousal acknowledgement form, indicating that they are informed of the option selection.

The counseling session is not mandatory in order to file for retirement – it is possible to file by mail. The paperwork must be at NHRS no more than 90 days and no less than 30 days from the effective date of retirement, which is always the first of a month. To request an application, please contact counseling: tst.cyr@nhrs.state.nh.us

Public Information Sessions

The NHRS Public Information Office is scheduling regional information sessions throughout the state. Because of the differences in pension formulas for Group I and Group II members, these sessions are set up separately. There are also separate sessions for state employees and for employees of municipalities, counties and school districts; due to the differences in retiree health insurance eligibility. Check the website for the schedule of upcoming sessions.

NHRS staff is committed to getting information to all members. In addition to the NHRS Planning Guides and the pension estimate cards, members are encouraged to use the NHRS website, www.state.nh.us/retirement, for information, to print out forms, or to access e-mail contact with the staff. They may also ask questions or request literature by calling (877) 917-6477 ext. 272 or e-mail: tsavoy@nhrs.state.nh.us.

TIPS TO HELP YOUR EMPLOYEES

1. If they have changes in circumstances, they need to fill out new forms for NHRS:

- Change of Name/Address ([NHRS ADCHG](#))
- Designation of Death Beneficiaries – Pre-Retirement ([D NHRS 2](#))

Each year thousands of annual statements get returned because we do not have the member's current address. Also, NHRS is obligated to process death benefits to those named on the form we have on file, regardless of any change in marital status or other circumstance.

2. Termination of employment does not mean they should take their money out of NHRS. They might be sacrificing future benefits, including a lifetime pension and post-retirement medical insurance, or at least the opportunity to have the best savings account anywhere. No one should rush to take their money out, unless they have an urgent need for it. Urge them to contact NHRS to discuss their rights and benefits. NHRS provides information on this topic in the pamphlet, "What are my options, if I terminate employment prior to retirement?"

3. Employees who reach age 60 can collect a lifetime pension, even if they are not vested. Even if they only worked for you for a couple of years, they may retire at age 60. Their pension will not be large, because they won't have very much service credit, but it will be a lifetime benefit.

4. If your employees wish to file for Service Retirement, they need to file while they are still "in service." To qualify for Service Retirement, they must still have their employee status – what NHRS terms an "active member." They must file no more than 90 days and no less than 30 days before the effective date of their retirement, which is always the first of the month. If they file *after* they leave your employment, they are considered "Vested Deferred" retirees. The vested deferred category causes Group II members to lose post-retirement medical subsidy and the automatic spousal allowance.

GLOSSARY OF TERMS

This section is intended to provide brief, general explanations of terms used in the New Hampshire Retirement System (NHRS) Employer Manual. **These are not legal definitions.** For information regarding the laws that govern NHRS, refer to New Hampshire *RSA 100-A*, or contact an NHRS representative.

Accidental Disability – A mental or physical job-related incapacity that is likely to be permanent, which prevents a member from performing the duties of his/her job.

Accumulated Contributions – A member's contributions, both mandatory and additional, plus earned interest. This does not include the employer's normal contributions.

Active Member – Someone who is actively contributing to NHRS on earnable compensation, and receiving NHRS creditable service and/or salary credit for those contributions.

Actuary – A person professionally trained in technical and mathematical aspects of pensions and other related fields, who estimates how much money must be contributed to a pension plan in order to support the benefit that will become payable in the future.

Additional Contributions – Extra money paid to NHRS by the active member and/or by the member's employer on behalf of the member, separate from mandatory contributions, for the purpose of funding an additional annuity. (Additional contributions are not considered earnable compensation and do not purchase additional service credit.)

Allowance – A pension.

Annuity – A pension.

Average Final Compensation (AFC) – The average of a member's three highest years of membership service. A "year" refers to a ten, eleven, or twelve-month block of membership service (based on the member's normal working time), beginning with the member's effective date of retirement and going back.

Beneficiary – Anyone who receives a benefit from NHRS.

COLAs – Cost-of-Living adjustments (increases) applied permanently to a pension.

Creditable Service – Service credit earned as an active NHRS member plus prior service credits.

Current Comparable Compensation – The annual amount of compensation currently payable for the job from which an NHRS disability recipient has retired, OR, an NHRS disability recipient's average final compensation increased by an amount for each year since disability retirement, where the increase is calculated using the Consumer Price Index for All Urban Consumers (CPI-U).

Defined Benefit Plan – A pension plan where retirement pensions are based upon a predetermined formula measured by service and salary credit, not contributions made to the plan.

Designated Beneficiary – A person to whom a member wishes to leave any payable death benefit and/or refund of accumulated contributions.

Early Service Retirement – An early reduced retirement pension payable at ages 50 through 59 to Group I members with at least ten years of creditable service, and to Group I members with at least twenty years of creditable service whose service plus their age equals at least seventy.

Earnable Compensation – Gross taxable earnings paid to a member by the employer, or earnings from an employer funded disability plan, from which NHRS contributions must be withheld.

Employer Normal Contributions – Mandatory payments made to NHRS by the employer on behalf of its employees, based on a percentage of covered payroll, where NHRS' consulting actuary determines the rate.

Family Medical Leave Act (FMLA) – A federal law enacted in 1993, which allows qualified employees up to twelve weeks of unpaid leave in any twelve month period under specific circumstances. For NHRS purposes, a member who is on approved leave from his/her NHRS covered employment under the provisions of FMLA is considered to be in service for the purpose of eligibility for disability and death benefits.

Group I – Employee and teacher members.

Group II – Firefighter and police officer members.

Inactive Member – A vested member who terminates NHRS covered employment and leaves his/her accumulated contributions in NHRS, or a non-vested member who terminates NHRS covered employment and leaves his/her accumulated contributions in NHRS for up to six years.

In Service – A member is considered to be in service under any one of the following conditions:

- The member is actively contributing to NHRS on earnable compensation and receiving NHRS creditable service and/or salary credit for those contributions.
- The member is receiving regular Workers Compensation payments and is still employed by the employer in an NHRS covered position.
- For the purpose of eligibility for disability and death benefits only, the member is on an approved leave from NHRS covered employment under the provisions of the federal Family Medical Leave Act (FMLA).

Member Annuity – That portion of a pension funded from member contributions.

Member Mandatory Contributions – Payments made to NHRS by the member based on a percentage of the member's earnable compensation. Group I member's must contribute 5%; Group II, 9.3%.

Membership Service – Service credit earned as an active member.

New Hampshire Retirement System – Also referred to as "NHRS" and "the System."

Optional Allowance – A reduced pension chosen by a member at retirement that provides a beneficiary(ies) with a benefit after the retired member's death.

Ordinary Disability – A mental or physical incapacity that is likely to be permanent which prevents a member from performing the duties of his/her job.

Predecessor System – The NH Teachers' Retirement System, the NH State Employees' Retirement System, the NH Policemen's Retirement System, or the NH Permanent Firemen's Retirement System.

Preselection – Active members who are eligible for service retirement, but continue to work, are eligible to select a survivorship option at no cost, in order to provide a lifetime pension to any one person or to any number of their children in the event of their death before they actually retire.

Service Credit – See creditable service.

Service Retirement – A pension payable to Group I and Group II members, age 60 or older, regardless of years of service, and to Group II members, ages 45-60, with at least twenty years of creditable service.

Split Benefits – A pension based on service credit in both Group I and Group II.

State Annuity – That portion of a pension funded from employer normal contributions and investment earnings.

Survivorship Beneficiary – A person who receives a lifetime pension from NHRS, after a retired member's death.

Survivorship Option – A reduced pension chosen by a member at retirement that provides a lifetime pension to a survivorship beneficiary(ies) after the retired member's death.

Vested Deferred Retirement – A retirement pension available to members, with at least ten years of creditable service, who terminate their active membership and do not withdraw their accumulated contributions. The pension does not begin upon termination of active membership, but begins at a later point in time, when the member meets eligibility requirements.

Vested – Members who have at least ten years of creditable service are vested and have earned the right to a pension, as long as they do not withdraw their NHRS funds.

Index

Additional Contributions.....	29
Administrative Assessment.....	17
Administrative Rules.....	7
Ret 304.06 - Interest Penalty.....	7
Ret 305.02 - Employer's Notice of Termination.....	7
Ret 307.05 - Notice of Ineligibility to Receive Se.....	8
Ret 307.06 - Prohibits Credit Carry-overs.....	8
Audits.....	23
De-certification of a Position. <i>See also</i> Returning to Work After Retirement: De-certification of a Position	
Death Benefits	
Accidental.....	34
Ordinary.....	34
Defined Benefit Plan.....	4
Disability Benefits.....	34
Accidental.....	34
Ordinary.....	34
Employee Classification.....	9
Optional Membership.....	9
Paraprofessionals.....	9
Enrollment.....	14
List of Forms.....	14
Address and Name Change.....	15
Beneficiary.....	14
Enrollment.....	14
Procedures and Requirements.....	14
Publications.....	15
Firefighter Classification.....	12
On Call, Substitute or Volunteer.....	13
Glossary.....	40
Governance of the System.....	5
Introduction to NHRS.....	4
Leaving Service.....	33

Non-Vested.....	33
Vested.....	33
Legislative Changes.....	6
HB 1302 - Chapter 140.....	6
HB 1373 - Chapter 80.....	6
HB 1455 - Chapter 146.....	6
HB 1469 - Chapter 137.....	6
SB115 - Chapter 2.....	7
SB309 - Chapter 128.....	7
SB381 - Chapter 110.....	7
Study of Group II Issues.....	7
Medical Subsidy.....	26, 36
Change in status.....	36
Eligibility	
Group I.....	37
Group II.....	37
Insurance Procedures.....	26
Members over 60.....	34
Membership Requirements.....	9
Pension Calculation	
Group I	
Early Service Retirement.....	28
Service Retirement.....	28
Pension Calculations.....	28
Group I.....	28
Early Service Retirement.....	28, 29
Service Retirement.....	28
Group II.....	29
Split Benefits.....	29
Planning for Retirement.....	38
Annual Statement.....	38
Counseling Service.....	38
Pension Estimate Card.....	38
Planning Guide.....	38
Public Information Sessions.....	38
Police Officer Classification.....	12
Reporting and Remitting Contributions.....	16
Do's and Don'ts List.....	18
Rates.....	16
Employee Share.....	16
Employer Share.....	16
Remitting.....	21
Automated Clearing House (ACH).....	21
Lockbox.....	21
Magnetic Media Reporting.....	21

Wire Transfer.....	21
Reporting	
Additional Contributions.....	20
Do's and Don'ts List.....	18
Electronic.....	18
Errors in Reporting.....	19
Late Penalty.....	19
Paper.....	18
Required or Not?.....	16
Retirement.....	24
Notice of Termination.....	24
The Cap.....	25
Returning to Work After Retirement.....	13
De-certification of a Position.....	13
Returning to Work after Retirement.....	13
De-certification of a Position.....	13
Full-time.....	13
Part-time.....	13
Possible Mandatory Enrollment.....	13
RSA 100-A.....	5
Salary Continuance/Disability Insurance.....	22
Service Credit.....	30
Employer Enrollment Oversight.....	32
Federal Government Service.....	30
Military Duty.....	32
Out-of-State.....	30
Previously Withdrawn Service.....	30
Purchase in blocks of time.....	30
Service Before Employer Elects to Participate.....	31
Temporary, Non-permanent and Probationary Period.....	31
Worker's Compensation.....	32
Survivorship Options.....	35
Advantage.....	35
Forms.....	35
Limitations.....	35
Teacher Classification.....	10
Termination.....	24
Termination or Retirement.....	24
Employer's Rold.....	24
Retirement.....	24
Termination.....	24
Tips.....	39
Trust Fund.....	5
Trustee to Trustee Transfer.....	30
Trustees.....	5